

Information Services Board Briefing Paper on the Department of Personnel and Office of Financial Management Human Resource Management Project Activities

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Description

The Department of Personnel (DOP) and the Office of Financial Management (OFM) will present the status of the Civil Service Reform/Collective Bargaining (CSR/CB) Human Resource Management System (HRMS) project. Specifically, DOP and OFM will review the quality assurance, project management, and benchmarking activities as well as an updated project plan.

Background

The Personnel System Reform Act of 2002 (SHB1268) necessitates extensive changes to Washington State's Civil Service System. SHB1268 establishes a January 1, 2005 deadline for implementation of a new classification system (civil service reform), and a July 1, 2005 deadline for implementation of the first collective bargaining agreements. By these dates, DOP's HRMS must be able to support the functionality required by the act. DOP is responsible for civil service reform and OFM is responsible for collective bargaining.

DOP's systems support over 65,000 state employees and over 2,000 authorized system users. The systems are over 25 years old, technically complex, costly to modify, and lack the functionality and flexibility to support modern HR practices and many of the anticipated requirements for CSR/CB. The existing systems also support over 200 interfaces to other state and external systems.

DOP/OFM presented the findings of their feasibility study and received approval from the Board at the January 2003 meeting to proceed with the acquisition of integration services, software, and hardware to begin replacing the existing HRIS system.

Status

The Dye Management/IBM team has delivered the requirements document.

Given the relatively short timeframe for achieving system compliance, and to manage costs and reduce risk, DOP's stated approach is to provide support for CSR/CB in an incremental fashion. The scope of effort for the 2003-05 Biennium will be limited to those Payroll, HR, and Leave processes that can be accomplished by June 30, 2005. System implementation of the remaining HR requirements will be delayed until the 2005-2007 Biennium.

- Status of contracts/RFPs:
 - DOP has selected Sterling Associates to provide Quality Assurance (QA) services for the duration of the CSR/CB project.
 - DOP has selected with Deloitte & Touche to: 1) develop and publish an RFP for a commercial off the shelf (COTS) HRMS software package and integrator services; 2) develop vendor evaluation/selection processes and tools; 3) manage the vendor evaluation and selection processes; 4) assist with vendor negotiations; and, 5)

provide periodic advisory services to DOP during the projected two-year (July 1, 2003 – July 1, 2005) HRMS implementation timeframe.

- OFM is gathering requirements and developing the RFP for benchmarking services. At the January 2003 meeting, DOP/OFM presented benchmarking as an alternative to a traditional Cost Benefit Analysis. The expected results of the benchmarking process would be cost and time baselines for the various HR and payroll processes. These results would be used for subsequent comparison purposes that would help quantify the benefits after the system implementation.
- To maintain momentum, DOP extended the contract with the Dye Management/IBM team under the terms of the original RFP to finalize the six-month work plan, refine the business and technical requirements to be addressed by the new system, and draft the initial communication plan.

Issues

- Funding: DOP is pursuing the use of taxable bonds to fund the HRMS project. The original funding approach proposed using a Certificate of Participation (COP) through the Office of the State Treasurer (OST) for approximately \$41 million excluding interest. After additional consideration, the approach has been modified to make use of taxable bonds. A benefit of taxable bonds is that funds can be acquired as needed for payment of vendor services, thereby avoiding premature debt burden. Also, a taxable bond is more flexible than a COP with respect to the purposes for which the funds may be used. The most significant risk of this approach is that the legislature must approve the budget before the bonds are issued and the funds made available. The project cannot proceed past June 30, 2003 without a viable funding source.
- Schedule: The legislation imposed tight implementation deadlines. The feasibility study identified which project management, quality assurance, software, and other services must be acquired in the near term. The work to develop acquisition documents and acquire these services and products must begin as soon as possible to meet the June 30, 2003 deadline.
- Support team:
 - The contract with the Dye Management/IBM team has expired. Dye Management and its subcontractors will be allowed to respond to the acquisition document (RFP) for HRMS software and installation services. DOP selected Deloitte & Touche to develop the acquisition document (RFP) based upon the requirements documented by the Dye Management/IBM team.
 - No permanent project manager is in place. An interim project manager from DOP replaced the project manager from OFM who is now working on the benchmarking vendor selection. The contract expiration with the Dye Management/IBM team will result in the loss of consultants with in-depth knowledge of the project.
 - DOP is in the process of selecting a replacement for Doug Tanabe, DOP Assistant Director and CIO, who has announced that he will retire effective September 2003.

Recommendation

DOP and OFM will return at the June 2003 ISB meeting to present the status of the acquisition, quality assurance, project management, and benchmarking activities as well as the status of the project plan.